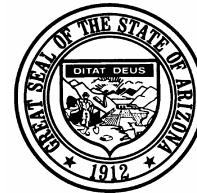


# ARIZONA

## TAXNEWS



Janet Napolitano, Governor

J. Elliott Hibbs, Director

### Inside this issue:

NEW SYSTEM BEGINS  
JANUARY 2, 2004

LEGISLATIVE UPDATE—  
TRANSACTION PRIVILEGE  
TAX & PROPERTY TAX

BUSINESSES USING  
IRS.GOV TO GET EINS

JANUARY WORKSHOPS

NEW RULINGS ISSUED

UNIVERSITY-SPONSORED  
INCOME TAX PRACTITIONER  
WORKSHOPS

EITC—DID YOU KNOW...

### ARIZONA DEPARTMENT OF REVENUE

#### MISSION STATEMENT

The purpose of the Arizona Department of Revenue is to promote voluntary compliance with all tax obligations through fair administration, firm enforcement, and prompt and courteous service in a manner that justifies the highest degree of public confidence in our efficiency and integrity.

#### WE'RE ON THE WEB!

The Arizona TaxNews can be viewed on our website:

[www.revenue.state.az.us](http://www.revenue.state.az.us)

## NEW SYSTEM BEGINS JANUARY 2, 2004

January marks the beginning of a new DOR. Release One of BRITS, the Department's reengineering and integrated tax system project, takes place on January 2<sup>nd</sup>. The first release includes all functionality related to Transaction Privilege Tax (TPT) and Withholding Tax. Coinciding with changes in processing will be new forms for filing TPT and Withholding Tax. The new TPT-1 forms were mailed to all active TPT accounts in December along with the new instructions and explanations of most of the changes to the form. The new A1-QRT for Withholding Tax is in the design stages now and will be ready prior to the filing due date for the first quarter. The A1-WP payment coupon can still be used to make payments.

Also included in this release is the roll out of new website for online filing:

[www.AzTaxes.gov](http://www.AzTaxes.gov). On the new site, taxpayers and practitioners can register, file, pay and manage their accounts on the Internet. Instructions for registering to use the site are available there as well. Until the financial conversion on January 20, historical filing and payment information will not be available. After the financial conversion, account data will be available for returns and payments on all accounts with outstanding liabilities as of January 2, whether the site was used to process them or not.

Corporate Income Tax and Individual Income Tax will be integrated into BRITS in later releases.

## INDIVIDUAL INCOME TAX ITEMS OF INTEREST FOR TAX YEAR 2003

### Line Added for Elective Subtraction of Federal Retirement Contributions

Arizona Forms 140, 140PY, and 140NR now have a line for an elective subtraction of federal retirement contributions. This line applies only to individuals who were civilian employees of the United States Government during 2003. The Court of Appeals held that Arizona's taxing scheme for years after 1990 did discriminate against federal employees by taxing their retirement plan contributions but not those of state and local employees. The department has appealed that determination to the Arizona Supreme Court, so the issue is not yet final.

On your 2003 return, you have two options for remedy. You may file the protective claim form or you may subtract the amount of

contributions to your retirement plan that was withheld from your wages by the federal government.

### Special Depreciation Allowance Under I.R.C. § 168(k) Not Allowed for Arizona Purposes

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27) which was signed by President Bush on May 28, 2003 allows businesses to claim a 50% bonus depreciation for qualified capital investments in property acquired after May 5, 2003. However, for Arizona income tax purposes, the bonus depreciation amount must be added to Arizona gross income. See the instructions for details.

(Continued on page 7)

# \*\*\* REMINDER \*\*\*

## FOR NON-EFT TPT FILERS

To avoid a delinquency, postmark your December 2003 TPT return no later than January 26, 2004 or deliver to DOR no later than January 29, 2004.

The Tax Facts—Summary of General Fund Revenues & Individual Income Tax Receipts—are available on the department's website, [www.revenue.state.az.us](http://www.revenue.state.az.us)

## E-Mail Your Questions

If you have a question that you cannot find the answer to, our Technical Assistance personnel may prove useful to you. We will gladly respond to any e-mail technical tax inquiry. All inquiries will be responded to within two working days.

E-mail your question to:

[TaxpayerAssistance@revenue.state.az.us](mailto:TaxpayerAssistance@revenue.state.az.us)

In the interest of maintaining confidentiality, DOR cannot respond to inquiries that include a Social Security number, FEIN, TPT or W/H number, or other specific taxpayer identifiers.

## Arizona Tax Talk Update

Over 300 people recently attended the Arizona Tax Talk seminars conducted by the Community Outreach and Education section of the department in Tempe, Tucson, and Glendale. Presentations from the department, IRS, Social Security Administration and Employment Administration (DES) provided participants with valuable updates. The Arizona E-File presentations augmented their approach by providing basic and advanced sessions.

Overwhelmingly, the Business Re-engineering Integrated Tax System (BRITS) sessions were the most popular. Over 80% of the attendees attended this breakout session.

Mark your calendars for next year's annual event held in December.

## TAX CALENDAR

JANUARY 2004

Due Date		For Period Ending
1	State Holiday - New Year's Day	All State Offices Closed
15	Income Tax Returns:	9/30/03
	Form 120: Corporation	
	Form 140: Individual	
	Form 141: Fiduciary	
	Form 165: Partnership	
	Form 99T: Exempt Organization	
15	Form 120: Corporation with Automatic Extension	3/31/03
15	Form 120S: S Corporation	10/31/03
15	Form 99: Exempt Organization Annual Information Return	8/31/03
15	Form 120ES: Estimated Tax Payment, Corporation	
	First Installment	9/30/04
	Second Installment	7/31/04
	Third Installment	4/30/04
	Fourth Installment	1/31/04
19	State Holiday - Martin Luther King, Jr./ Civil Rights Day (Observed)	All State Offices Closed
20	Form TPT-1: Transaction Privilege Tax: December Monthly Filers, Quarterly and Annual Filers	12/31/03
20	Bingo: Financial Reports	12/31/03
20	Luxury Tax: Various Forms	12/31/03
26	EFT Form TPT-1 and Payment: Transaction Privilege Tax: December Monthly Filers	12/31/03
2/2/04	Form A1-QRT: Withholding Tax	12/31/03

### Withholding Tax Payment Information:

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **exceeds** \$1,500 the employer must make its Arizona withholding payments to the Department of Revenue at the same time as the employer is required to make federal withholding deposits.

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **does not exceed** \$1,500 the employer must make its Arizona withholding payments to the department on a quarterly basis.

The *Arizona TaxNews* is a publication of the Arizona Department of Revenue. Information contained herein is of a general nature and is not designed to address complex issues in detail. Taxpayers requiring information concerning a specific tax matter should contact the appropriate office. This newsletter is available in an alternative format upon request. Subscription information may be obtained from the Publications Unit at 602-716-6797 or toll free from area codes 520 & 928, 1-877-863-0655.

## 2003 LEGISLATIVE SUMMARY

The 2003 Legislative Summary is a brief summary of the tax-related bills that were enacted by the Arizona Legislature and approved by the Governor. Over the next few months, the *Arizona TaxNews* will feature Summaries by tax type. This month: Transaction Privilege Tax & Property Tax.

The general effective date is September 18, 2003

### **HB 2322 (sales tax; solar contractor's exemption)**

It expands the solar energy device exemption that already exists in the TPT contracting class to include the mark up and installation of the devices which would be included in the contractor's Gross proceeds or Gross income from the contract. It changes the deduction limit from "\$5,000/device" to "\$5,000/contract." The industry has stated that they have always believed that the installation was exempt and have not paid tax on it. Therefore the fiscal impact will be very slight to the state. The change in the "per device" to "per contract" limit could decrease the amount that can be taken if several devices are on a single contract.

### **SB 1066 (sales tax increase; preexisting contracts)**

Stipulates how an increase in the transaction privilege (sales) tax rate is applied to prime contracting activities. Specifically, the bill requires:

- That any contracts or written bids entered into by prime contractors on or before the effective date of legislation or the date of the election be exempt from transaction privilege tax rate increases imposed as a result of these measures.
- The prime contractor must maintain records as required by the department.

### **SB 1231 (hospital districts; facilities)**

A new subsection is added to A.R.S. § 48-1910 providing that the board of directors of a county-wide hospital district may request the county's board of supervisors to place on a county election ballot the question of imposing county transaction privilege tax (TPT) to support the hospital district. This could occur in counties that meet certain population and property valuation levels.

The tax could be in effect for up to five years, and could be renewed.

The department will collect the approved TPT and remit revenues there from to the county treasurer for dispersal to the hospital district.

## **PROPERTY TAX**

### **HB 2112 (property tax appeals)**

Under Title 12 (Courts and Civil Proceedings) and Title 42 (Taxation), provides for increases in the maximum limits on a given property's full cash value, which are used to determine whether or not a valuation or classification appeal qualifies for small

claims court and for determining how many State Board of Equalization hearing officers are required to hear an appeal.

### **HB 2348 (electric generation, transmission and distribution facilities valuation)**

Laws 2000, Ch. 384 created a two-year transition period for a new valuation methodology for electric generation facilities. Because of the complexity of the changeover to the new methodology, in 2002, H.B. 2063 froze the valuations for existing electric generating facilities for one year, and clarified the combined allocation method for distributing valuations among Arizona counties for Tax Year 2003. HB 2063 also; created a timetable for repealing existing sections of 2000's Session Laws; specified the subsequent delayed repeal of certain sections of 2002's Session Laws; and provided for a retroactively effective date of 12-31-2001. For 2003, under Title 42 (Taxation), H.B. 2348 clarifies the framework the department is to utilize to value electric generating facilities; specifies the allocation method for distributing valuations among Arizona counties; amends the Session Laws of 2000 regarding the effective repeal dates of certain provisions; and amends § 42-12001 to include "gas distribution companies, electric transmission companies, electric distribution companies, combination gas and electric transmission and distribution companies, companies engaged in the generation of electricity, and electric cooperatives." This bill has a retroactively effective date of December 31, 2002, making it applicable to Valuation Year 2003.

### **HB 2461 (truth in taxation)**

Under Title 15 (Education), amends the language specified in the Truth in Taxation notice for K-12 public school districts budgeting.

**Effective: May 12, 2003 as an Emergency Measure.**

### **SB 1049 (mobile home landlords and tenants)**

Amends several statutes under Title 33 regarding various provisions of the Mobile Home Landlord and Tenant Act, and one statute under Title 41 that is related by subject matter. Only the following statute is directly relevant to property tax assessment.

### **SB 1069 (property tax liens; treasurers procedures)**

Amends or adds statutes under Title 11 (Counties), Title 33 (Property) and under Title 42 (Taxation) relating to the procedures of County Treasurers and to holders of property tax lien certificates of purchase.

## BUSINESSES USING IRS.GOV TO GET EMPLOYER IDENTIFICATION NUMBERS

IR-2003-136, Dec. 8, 2003

WASHINGTON—Businesses and tax professionals are turning to an online application form on IRS.gov to get new employer identification numbers. The Internal Revenue Service has issued more than 498,081 of the numbers through its online application since it became available in April.

The online application form immediately issues a new employer identification number, or EIN, eliminating both paperwork and the usual four-to-10 day wait to receive an EIN through paper processes. The IRS assigns the nine-digit numbers to identify taxpayers. The number is required for a host of purposes and getting it quickly is important for someone starting a business. A business cannot establish a bank account, for instance, without a federal EIN.

Making EINs available to IRS customers on an immediate and permanent basis is an important step in improving our partnership with the business community, Commissioner Mark W. Everson said. "We want to reduce burden for businesses and tax professionals wherever possible."

By the end of November 2003, the IRS was receiving 37.5 percent of all EIN applications through the Internet. The online application mimics the paper Form SS-4, Application for Employer Identification Number. EIN applications can also be submitted by phone, fax or by mail. Applications faxed or mailed are often incomplete, contain errors and frequently require additional contact with the applicant by an IRS employee. The online application requires that all information needed to process the application be submitted before the EIN is assigned to the taxpayer.

The easiest way to get to the online EIN application is to type EIN in the IRS Keyword search on the IRS.gov home page.

The online EIN application form joins several IRS Business Systems Modernization products already working to reduce taxpayer burden and improve IRS

employee's service to taxpayers. These new products and services include:

- Where's My Refund? Provides taxpayers with their refund status over the Internet. Taxpayers used the service more than 17.6 million times in 2003.
- Where's My Advance Child Tax Credit? Gives taxpayers the status of their Advance Child Tax Credit checks over the Internet. So far, taxpayers have used the service nearly 15 million times.
- e-services. A suite of products that provide tax professionals and those who file select information returns, such as banks and other financial institutions, with new choices for working electronically with the IRS.
- Customer Communications. Modernized call systems cut by half taxpayers call-waiting time and the number of abandoned calls. It also introduced bilingual voice recognition capabilities, which helped double the number of Spanish calls.
- Customer Relationship Management. Provided nearly 4,000 revenue agents with direct laptop access to tax computation software.
- HR Connect. Allows 73,000 IRS users to perform many personnel actions online.

Links on IRS.gov:

- Online EIN Application.
- SS-4, Application for Employer Identification Number.
- Instructions for Form SS-4.

## New Rulings Issued

Three new rulings were recently issued by the department. TPR 03-2, Motor Carrier Exemption for Lessors, TPR 03-3, Motor Carrier Exemption for Allocated Fleets, and TPR 03-4, Motor Carrier Exemption for Leasing to Transporters can be found on the department's website, [www.revenue.state.az.us](http://www.revenue.state.az.us)

## DO YOU HAVE A DEDUCTIBLE HOME OFFICE?

Whether you are self-employed or an employee, if you use a portion of your home for business purposes, you may be able to take a home office deduction, according to the IRS.

You can deduct certain expenses if your home office is the principal place where your trade or business is conducted or where you meet and deal with clients or patients in the course of your business. If you use a separate structure not attached to your home for an exclusive and regular part of your business, you can deduct expenses related to it.

Your home office will qualify as your principal place of business if you use it exclusively and regularly for the administrative or management activities associated with your trade or business. There must also be no other fixed place where you can conduct these administrative or management activities. If you use both your home and other locations regularly in your business, you must determine which location is your principal place of business, based on the relative importance of the activities performed at each location. If the relative importance factor doesn't determine your principal place of business, you can also consider the time spent at each location.

If you are an employee, you have additional requirements to meet. You cannot take the home office deduction unless the business use of your home is for the convenience of your employer. Also, you cannot take deductions for space you are renting to your employer.

Generally, the amount you can deduct depends on the percentage of your home used for business. Your deduction will be limited if your gross income from your business is less than your total business expenses.

Expenses that you can deduct for business use of the home may include the business portion of real estate taxes, mortgage interest, rent, utilities, insurance, depreciation, painting and repairs. You may not deduct expenses for lawn care or those related only to rooms not used for business.

There are special rules for qualified daycare providers and for persons storing business inventory or product samples.

For more information, see Publication 587, "Business Use of Your Home."

If you are self-employed, use Form 8829 to figure your home office deduction and report those deductions on line 30 of Schedule C, Form 1040. Employees can use the worksheet in Pub. 587 to figure their allowable expenses and claim them as a miscellaneous itemized deduction on Schedule A, Form 1040.

To be on the safe side, you may also want to review IRS Publication 4035, "Home-Based Business Tax Avoidance Schemes," which describes schemes that claim to offer tax relief but which actually result in illegal tax avoidance.

IRS publications and forms are available on the IRS Web site at *IRS.gov* or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

## AVOID HEADACHES—PREPARE TAX RETURN EARLY!

Earlier is better when it comes to working on your taxes. The IRS & Department of Revenue (DOR) encourage everyone to get a head start on tax preparation. Not only do you avoid the last-minute rush, early filers also get a faster refund.

There are seven easy ways to get a good jump on your taxes long before the April 15 deadline rolls around:

1. Gather your records in advance. Make sure you have all the records you need, including W-2s and 1099s. Don't forget to save a copy for your files.
2. Get the right forms. They're available around the clock on the IRS website, *www.irs.gov*, & the DOR website, *www.revenue.state.az.us*.
3. Take your time. Don't forget to leave room for a coffee break when filling out your tax return. Rushing can mean making a mistake — and that

can be expensive!

4. Double-check your math and Social Security number. These are among the most common errors on tax returns. Taking care on these reduces your chances of hearing from either agency.
5. Get the fastest refund. When you file early, you get your refund faster. Using e-filing with direct deposit might get you a refund in as little as 10 to 15 days.
6. E-filing is easy. E-filing catches math problems, provides confirmation your return has been received and gives you a faster refund.
7. Don't panic. If you have a problem or a question, remember the IRS & DOR are there to help. Try the IRS or the DOR website.

# DOR JANUARY SCHEDULE OF WORKSHOPS

You may register online at [www.revenue.state.az.us](http://www.revenue.state.az.us)  
For more information, please call 602-716-6797 or  
email Community Outreach & Education at  
[seminars@revenue.state.az.us](mailto:seminars@revenue.state.az.us)

All classes cost \$15 per person unless otherwise stated.

## Retail Workshops

This workshop is designed to help you understand the Retail Classification under the Transaction Privilege Tax that is imposed in our state.

**Chandler—January 28**, 8:30 am—noon,  
Department of Revenue, 3191 N Washington

**Glendale—January 6**, 8:30 am—noon,  
Quality Inn & Suites, 5511 W Bell Rd.

**Mesa—January 7**, 8:30 am—noon, Country Inn & Suites, 6650 E Superstition Springs Blvd.

**Phoenix—January 20**, 8:30 am—noon,  
Windsor Palms 2990 W Thunderbird Rd.

**Phoenix—January 27**, 8:30 am—noon, Department of Revenue, 2902 W Agua Fria Fwy., Ste. 1020

**Scottsdale—January 13**, 8:30 am—noon,  
Comfort Inn, 7350 E Gold Dust

**Tucson—January 21**, 8:30 am—noon, Arizona Gov't Office, 400 W Congress, North Bldg., Rm. 158

## Construction Industry Workshops

This workshop is designed to assist those in the construction industry understand the transaction privilege tax requirements.

**Chandler—January 28**, 1:30—5 pm,  
Department of Revenue, 3191 N Washington

**Glendale—January 6**, 1:30—5 pm, Quality Inn & Suites, 5511 W Bell Rd.

**Mesa—January 7**, 1:30—5 pm, Country Inn & Suites, 6650 E Superstition Springs Blvd.

**Phoenix—January 6**, 8:30am—noon, Arizona Small Business Association, 4130 E Van Buren, Ste. 150,

**Phoenix—January 20**, 1:30—5 pm, Windsor Palms, 2990 W Thunderbird Rd.

**Phoenix—January 27**, 1:30—5 pm, Department of Revenue, 2902 W Agua Fria Fwy., Ste. 1020

**Scottsdale—January 13**, 1:30—5 pm, Comfort Inn, 7350 E Gold Dust

## FREE USE TAX WORKSHOP

Learn important facts about Use Tax, the companion to Transaction Privilege (Sales) Tax and how it may relate to you.

**Phoenix—January 30**, 8:30—10 am, 10:30 am—noon, 1:30—3 pm, 3:30—5 pm, Industrial Commission, 800 W Washington

## TPT Forms—How to Report Correctly

Anyone who has been in business for at least one month may want to learn how to complete the TPT-1. From calculating the tax liability to how to put the numbers on the form, you will walk away more confident and relaxed about completing your own TPT-1 return. Topics covered:

- ✎ How to calculate the tax when it is in addition to the price of the product
- ✎ How to calculate (factor) the tax when it is included as part of the sale price
- ✎ How important the *Arizona State, County, and City Transaction Privilege and Other Tax Rate Table* is to you

**Chandler—January 29**, 8:30 am—noon,  
Department of Revenue, 3191 N Washington

**Glendale—January 7**, 8:30 am—noon, Quality Inn & Suites, 5511 W Bell Rd.

**Mesa—January 8**, 8:30 am—noon, Country Inn & Suites, 6650 E Superstition Springs Blvd.

**Peoria—January 27**, 6—9 pm, Peoria Library, 8401 W Monroe

**Phoenix—January 26**, 1:30—5 pm,  
Industrial Commission, 800 W Washington

**Phoenix—January 28**, 8:30 am—noon, Department of Revenue, 2902 W Agua Fria Fwy, Ste. 1020

**Scottsdale—January 14**, 8:30 am—noon,  
Comfort Inn, 7350 E Gold Dust

**Tucson—January 22**, 1:30 — 5 pm, Arizona Gov't Office, 400 W Congress, North Bldg., Rm. 158

## Withholding Workshop

A hands-on guide to filling in the Arizona withholding forms, including some work examples. Covers the forms, filing frequency, due dates, payment frequency and more. **Bring your calculator and pencil!!**

**Chandler—January 29**, 1:30—5 pm,  
Department of Revenue, 3191 N Washington

**Glendale—January 7**, 1:30—5 pm, Quality Inn & Suites, 5511 W Bell Rd.

**Mesa—January 8**, 1:30—5 pm, Country Inn & Suites, 6650 E Superstition Springs Blvd.

**Phoenix—January 26**, 8:30 am—noon, Industrial Commission, 800 W Washington

**Phoenix—January 28**, 1:30—5 pm, Department of Revenue, 2902 W Agua Fria Fwy, Ste. 1020

**Scottsdale—January 14**, 1:30—5 pm, Comfort Inn, 7350 E Gold Dust

**Tucson—January 21**, 1:30—5 pm, Arizona Gov't Office, 400 W Congress, North Bldg., Rm. 158

## Individual Income Tax Items of Interest for 2003

(Continued from page 1)

### **Subtraction Allowed for Taxpayers that had to Add the Special 50% Bonus Depreciation to Arizona Gross Income**

A taxpayer that is required to add to Arizona gross income the 50% special depreciation allowed under I.R.C. § 168(k) for an asset may adjust the amount of regular annual depreciation claimed on the federal return for that asset. A taxpayer may subtract an amount equal to the amount of regular annual depreciation claimed on the federal return for that asset. See the instructions for details.

### **I.R.C § 179 Expense**

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27) which was signed by President Bush on May 28, 2003, amended I.R.C. § 179 to increase the maximum dollar amount of the deduction from \$25,000 to \$100,000 and to increase the investment limitation from \$200,000 to \$400,000. The bill also allows certain off-the-shelf computer software that is depreciable over 3 years under I.R.C. § 168(f)(1)(A) to be expensed under I.R.C. § 179. However, Arizona has not adopted the changes made by P.L. 108-27. Therefore, for Arizona income tax purposes, you must figure the I.R.C. § 179 expense deduction and any related depreciation under Internal Revenue Code in effect on January 1, 2003, rather than P.L. 108-27. See the instructions for details.

If a taxpayer had to refigure the amount of I.R.C. § 179 expense allowed on the Arizona return under the Internal Revenue Code in effect on January 1, 2003 and had to compute depreciation for assets for which I.R.C. § 179 expense was recomputed, the taxpayer may take a subtraction for that depreciation.

### **Incarcerated Individuals no Longer Allowed the Increased Excise Tax Credit**

Beginning with the 2003 taxable year, a person that served at least 60 days in a county, state or federal prison during the tax year is no longer eligible for the increased excise tax credit.

### **Dollar Limit of Clean Elections Fund Tax Credit Increased**

The Secretary of State adjusted the various Clean Elections Act dollar amounts. The maximum allowable amount for purposes of the Clean Elections Fund Tax Credit is now 20% of the tax liability or \$550 (\$1,100 for married couples filing jointly) whichever is greater.

### **Wheels to Work Credit Repealed**

In 1998, legislation passed establishing the Wheels to Work Program, which included the wheels to work income tax credit. However, in 2002 due to lack of funding, the program was phased out. To conform to the elimination of program funding, Laws 2003, Ch. 61, § 5 repealed the wheels to work credit.

### **Recycling Equipment Credit Repealed**

The recycling equipment credit allowable to individuals has been repealed. You may not take this credit for taxable years beginning January 1, 2003, or later. However, the repeal did not affect any credit carryover that accrued prior to the repeal.

### **Extra Curricular Activities for the Purpose of the Public School Tax Credit Clarified**

The legislature amended the definition of extra curricular activities. Extra curricular activities now include in-state or out-of-state trips that are solely for competitive events. However, extra curricular activities do not include any senior trips or events that are recreational, amusement or tourist activities.

### **The Arizona Income Tax Treatment of Estates, Trusts, and Beneficiaries of Estates and Trusts Now Conforms to the Federal Income Tax Treatment**

Senate bill 1043 (Laws 2002, Chapter 130) amended A.R.S. Title 43, Chapter 13, related to income taxation of estates and trusts. For taxable years beginning from and after December 31, 2002, the Arizona income tax treatment of estates, trusts, and beneficiaries of estates and trusts will conform to the current federal income tax treatment under the Internal Revenue Code. Additionally, the legislation defines resident and nonresident trusts for purposes of the Arizona income tax. For more information, see Arizona Form 141AZ, *Arizona Fiduciary Income Tax Return*.

## **EITC—DID YOU KNOW...**

Last year, IRS officials estimated that as many as 147,000 low- and moderate-income families in the state of Arizona failed to claim Earned Income Tax Credit Refunds (EITC)? Many eligible workers often are not getting their earned refunds because they have not heard about it, do not know they are eligible or do not know how to apply.

### **WHY IS THIS IMPORTANT TO THE BUSINESS COMMUNITY?**

Research indicates that 80 percent of EITC recipients use the credit to pay immediate bills such as rent and utilities, or to pay for better housing, transportation and educational needs. EITC benefits increase

workers' take-home pay at no cost to the business. Helping workers support themselves and their families can reduce turnover in the workplace.

### **WHAT ARE THE GOALS OF GOVERNOR JANET NAPOLITANO'S EITC TASK FORCE?**

- Increase public awareness of the EITC Program.
- Increase the taxpayers' use of EITC and E-file to get their Arizona tax refund in as little as 5 days.

To get involved in this worthwhile cause, you can contact the Governor's Task Force on the Earned Income Tax Credit by emailing Terri Wogan at [twogan@az.gov](mailto:twogan@az.gov).



## **INCOME TAX PRACTITIONERS' WORKSHOPS**

FLAGSTAFF—JANUARY 21—22, 2004, DUBOIS CONFERENCE CENTER, NAU CAMPUS  
PHOENIX—JANUARY 13—14, 2004, ASU DOWNTOWN CAMPUS, 502 E MONROE ST.

The Income Tax Practitioners' Workshop is presented by Arizona State University College of Extended Education Academic & Professional Programs; and Northern Arizona University Bank One Center for Business Outreach; in cooperation with the Internal Revenue Service (IRS) and Arizona Department of Revenue (DOR). This workshop has been created for income tax professionals looking to become knowledgeable about the latest tax provisions, legislation and preparer responsibilities. Sessions will be presented by the IRS and DOR.

The cost is \$165 per person and includes the two-day workshop, two lunches and materials.

You may be eligible for 15 CPE hours from the Arizona Board of Accountancy.

IRS topics include Abusive Schemes, Advocacy in Action, Electronic Filing, What do I do if I don't think the IRS is Right?, Compliance Initiatives, and Offers-in-Compromise.

DOR topics include Business Re-engineering Integrated Tax System Update, Electronic Filing, Audit Updates, and Use Tax.

For more information, go to [www.asu.edu/xed/tax/index.html](http://www.asu.edu/xed/tax/index.html) or call ASU College of Extended Education Academic & Professional Programs at 602-965-3660 or NAU Bank One Center for Business Outreach at 928-523-5990.